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Security, Emerging Threats and International Relations
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Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you today to testify on developments in Iraq and to address the progress of the Iraqi people as they continue to rebuild their country. There are still many challenges that lie ahead: coping with terrorist and sectarian violence, promoting Iraqi unity and national reconciliation, fighting corruption and promoting rule of law, and building government capacity. Let me begin by emphasizing that success *is* **achievable** in Iraq, but that everyone – the United States, the Government of Iraq, the Iraqi people, the international community, especially Iraq's neighbors, and the private sector – must do their part. The challenges are real, but—with your support and the support of the whole of the U.S. Congress—success will be achieved.

Mr. Chairman,

This has been a rough summer. The escalation of sectarian violence following the al-Askariya shrine bombing in Samarra on February 22, 2006 has overshadowed the progress on the political front. In this same year, Iraq has established its first government under a democratic constitution in 80 years. A successful military operation that rid the Iraqis and the world of a notorious dictator was followed by an increase in violence by his radical organization. Recently, the Prime Minister announced a national reconciliation plan in an effort to stem the sectarian violence as the number of murders peaked in Baghdad during the month of July.

Please allow me to lay out the four main issues that I will address today: first, the issue of security; second, reconciliation; third, democracy and good governance; and finally, essential services and ministerial capacity.

I. SECURITY

While the insurgency and al-Qaeda in Iraq remain major challenges, sustained ethno-sectarian violence conducted by private militias is perhaps the greatest threat to a stable, unitary, and prosperous Iraq. In addition, Iraqis are faced with daily confrontations from villainous death squads and groups that operate within the Iraqi

security forces and carry out acts of murder, intimidation, kidnapping, extortion and violence. We are also concerned with the threat posed by advanced Improvised Explosive Devices (IED) technology coming into Iraq from manufacturers in Iran. This is exacerbated by Iraq's porous borders, particularly its border with Syria.

Baghdad, as the heart of Iraqi diversity, has become the critical battleground upon which the vision of a stable, multi-ethnic, multi-sectarian, democratic Iraq is being fought. To this end, in August, 12,000 additional troops of the Multi-National and Iraqi Security Forces launched the second phase of Operation Together Forward, a neighborhood-by-neighborhood sweep to dislodge insurgents and militias and prevent their return by leaving behind a trained security presence. This is the "Clear" part of "Clear, Hold, and Build." Operation Together Forward also incorporates Iraqi-funded programs to enhance economic opportunity and to improve local governance, especially in the provision of essential services.

In cleared neighborhoods, we are seeing evidence that encourages optimism: women and children have returned to the streets, markets and shops are reopening, Iraqi and American soldiers are greeted with smiles, and local leaders have expressed their gratitude and support. Most importantly, over the first five weeks of Operation Together Forward, we have seen a significant drop in execution-style sectarian killings in Baghdad City. While I do not want to overstate the success of this operation, our progress is encouraging. Enduring success will depend on the ability of the GOI to maintain the progress gained through Operation Together Forward.

We are actively continuing to help train and equip the Iraqi Security Forces (ISF) to enable them to assume responsibility for Iraq's security. As the ISF stands up and achieves an acceptable level of training and readiness to maintain public order, we will adjust our military presence accordingly.

II. RECONCILIATION

Reconciliation and security go hand-in-hand. On May 20, 2006, Prime Minister Nuri al-Maliki (PM Maliki) unveiled a new government program to the Council of Representatives (CoR), highlighting national reconciliation as one of the new National Unity government's central goals. PM Maliki presented a "National Reconciliation and Dialogue Project" to the CoR on June 25. The High Commission for National

Reconciliation and Dialogue (HCNRD) launched its work July 22 – with representatives from all the major political blocs, civil society members, tribal sheikhs, and religious leaders in attendance – and has met several times since. A tribal representative conference – the first under PM Maliki's reconciliation initiative – was held August 26. Five hundred tribal representatives from all of Iraq's major ethnic and sectarian groups endorsed the initiative at that conference and called for an end to sectarian violence, the disbanding of militias, the review of procedures on de-Ba'athification, and called for a delay in implementing more federal regions. Additional conferences – for political parties, civil society organizations, and religious leaders – are scheduled for later this month.

Related to reconciliation is the need to address the problem of sectarian militias and other armed groups. We know that DDR programs—programs to disarm, demobilize and reintegrate militia members—have helped many countries get back on their feet. We are mindful of the lessons of other countries, including the vital lesson that the right political context is indispensable for success. We are working to determine what measures can be employed now to deny the militias new recruits—carefully targeted training and jobs programs, for example, to reduce the ranks of unemployed males. At the same time, the GOI is pursuing its reconciliation agenda to create the political context that would enable it, when the time is right and with our help, to deploy an array of programs aimed at putting militias in Iraq's past.

III. DEMOCRACY AND GOOD GOVERNANCE

A third element necessary for successful reconciliation is the existence of all of the elements of a robust democracy, particularly good governance. The majority of Iraq's political parties have a ethnic and sectarian identity. Also of concern is the increasingly anti-democratic behavior by several Iraqi political parties, particularly in Iraq's southern provinces, as they pursue inappropriate and unacceptable means to intimidate women and political parties that do not share their views. The United States Government (USG) is committed to building democratic institutions in Iraq. We actively pursue this commitment through a range of programs and initiatives that are helping to reverse more than a generation of totalitarian rule. We will continue to support non-

governmental organizations (NGOs) that are carrying out pro-democracy activities and are looking for additional ways to promote political participation—especially by Iraqi women in political, economic and civic life.

The USG, Coalition partners, and international agencies are also working with the GOI to promote the rule of law and to combat corruption. The Coalition has helped the GOI improve its judicial system by building or renovating courthouses, creating and expanding the Central Criminal Court of Iraq (CCCI), and improving security. The Central Criminal Court is handling about 118 insurgency-related cases each month.

The major challenges for the implementation of rule of law in Iraq are poor security for judges and judicial facilities, an insufficient number of judges, and an inadequate court infrastructure. Judges are often subject to intimidation, threats, and violence. Many judges risk their lives and their families to prosecute insurgents but, sadly we are seeing an increase in the threats and intimidation of judges who are willing to fulfill their duties. The USG, through the U.S. Marshals Service, is responding to this challenge by providing secure housing, personal security details, courthouse protection, and personal protection firearms to members of the Iraqi judiciary. Working in conjunction with MNF-I, the U.S. Marshals service has started training an Iraqi Marshals Service which will ultimately take over these responsibilities.

Our Department of Justice estimates that Iraq needs 1500 judges, but has only about 740 currently serving. Iraq's Ministry of Justice's Judicial Training Institute has enrolled a new class of 180 students—40 judges and 140 prosecutors—in a two-year training program. Even with these graduates, there will still be a significant shortfall of judges. In order to alleviate this need, Iraqi Chief Justice Medhat Mahmud recently nominated an additional 200 lawyers to serve as investigative judges.

On corruption, the GOI has made a public commitment to eradicate corruption and empower institutions that promote public integrity. Coalition support for this effort revolves largely around three main anti-corruption institutions: the Board of Supreme Audit (BSA), the Commission on Public Integrity (CPI), and the Ministerial Inspectors General (IG). The CPI has become the lead anti-corruption agency in Iraq and has already investigated over 1100 cases this year.


The CCCI, which prosecutes cases referred by the CPI, has 826 criminal cases pending or under active prosecution. Over the past 20 months, 56 officials in Iraq's ministries were either convicted or subject to arrest warrants. However, the ability of the government to prosecute corruption cases successfully is hampered by the lack of enabling legislation, lack of CCCI capacity, and intimidation of investigators and judges. We are working to help the Iraqis overcome these problems.

A further problem in the democracy sector is that Iraq lacks a tradition of professional civil service. Experienced or talented employees have frequently been replaced with political party hacks or cronies of ministers as a result of a spoils system. Many of Iraq's political factions view government ministries and their budgets as sources of power, patronage, and funding for their political parties. Ministers without strong party ties often face significant pressure from the political factions, and sometimes have little control over the politically-appointed and connected people serving under them. Still entrenched in the culture of the old regime, some ministry personnel are reluctant to exercise independent initiative or take action to address Iraq's problems of corruption. We are working with the Iraqis to help them develop a professional civil service.


IV. ESSENTIAL SERVICES

For the GOI to succeed, it must improve its delivery of basic services. Reconstruction has been hindered by insurgent attacks that have driven up the cost of doing business, both in terms of financial costs and human resources. Despite these challenges, the USG, in cooperation with the GOI, has rehabilitated water and sewage services and immunized children against infectious diseases. Rebuilding the infrastructure of the oil and electricity sectors has been slowed by having to overcome decades of mismanagement, corruption, decay, dilapidated and insufficient infrastructure, and poor maintenance.

Under the Iraq Relief and Reconstruction Funds (IRRF I and II), the USG currently has allocated \$4.2 billion for electricity, \$2.1 billion for water, \$1.7 billion for oil,




\$819 million for the health sector, and over \$100 million for education. The initial focus of U.S. reconstruction efforts was to prevent a continued degradation of the existing infrastructure after years of neglect by the former regime. Our efforts focused on restoring large electricity and water plants with the expectation that we would be investing in what would have to be a larger, long-term program to strengthen Iraqi infrastructure and create a stable base for Iraq's economic growth. Most of these projects are well underway, and nearly all of the large infrastructure projects are expected to be completed by the end of calendar year 2006. These projects already have had a significant impact on the lives of average Iraqis. IRRF I and II projects have added or rehabilitated more than 2,700 megawatts (MW) of electricity generation capacity on the grid, improved access to fresh water, benefiting 4.6 million Iraqis; and improved access to sewage treatment services, benefiting 5.1 million Iraqis.



While our focus in the past was on building-up basic capacity in essential services, we have moved forward and are now concentrating our efforts on helping the Iraqis deliver them to every household. Our goal is simple. We want all Iraqis to see, feel, and touch our accomplishments at the faucet, light switch, and stove. And we're making progress in that direction.

We are also making advances on behalf of Iraq's children. Approximately 32 percent of Iraq's 14,121 school buildings were rehabilitated or refurbished, 60,000 teachers have been trained, and 8.7 million new textbooks were provided to Iraqi school children. Nearly all Iraqi children have been inoculated against crippling diseases such as polio and measles, and hundreds of health clinics throughout Iraq have been rehabilitated.

Iraq's crude oil production has recently increased above 2002 pre-war levels. In August 2006, production has averaged 2.2 million barrels a day, above the 2002 average of 2.0 million barrels per day.



The United States continues to work with Iraq to improve its ability to sustain critical infrastructure. The USG initially allocated \$121 million to the electricity sector to support sustainable operations for generation facilities, while another \$25 million USG program supported operations and maintenance in twelve water and sewage treatment plants. More recently, the USG allocated \$180 million of IRRF to continue sustainment

efforts in the electricity and water sectors and provide support to additional sectors (\$110 million in the water sector, \$61 million in the electricity sector, and \$9 million in the combined areas of communications/transportation/health) to help Iraq sustain its infrastructure. These programs are expected to keep Iraqi plants and facilities online, thereby improving the levels of service offered to the Iraqi people.

Congress generously provided \$345 million in the FY 2006 supplemental legislation to continue both sustainment and capacity development efforts at plant-level facilities. The Administration has requested an additional \$154 million in the FY 2007 budget to help Iraq set up programs to maintain its essential service infrastructure for years to come.

Under IRRF I and II, the United States supports many programs to help the Iraqis increase their capacity to deliver essential services. For example, the IRRF funds several projects which have an ongoing impact on building the capacity of Iraqi Ministries, including: assisting the Ministry of Finance in preparing and implementing banking and financial reforms; helping the Ministry of Trade prepare documents necessary to be considered for accession into the World Trade Organization (WTO) and establishing an investment promotion agency; assisting the Ministry of Labor and Social Affairs to develop a social safety net and viable pension system; providing assistance to the Ministry of Agriculture in the development of a national water strategy, and implementing pilot programs in wheat and animal husbandry; improving the institutional capacity of the Ministry of Health to deliver care and fight disease; and developing an Education Management Information System for the Ministry of Education to improve management of human and physical resources. The United States Government also has dedicated significant resources to rehabilitating and building new infrastructure, while working alongside the staff at the Ministries of Electricity, Municipalities and Public Works, Water Resources, and Oil to improve the ability of their national, regional, and local staff to operate and maintain United States Government-funded facilities, systems, and equipment on a sustainable basis.

While all of these activities improved the capacity of Iraqi ministries to manage their own portfolios at various levels, it has become increasingly apparent that a broader program was needed to focus directly on improving the capacity of key ministries to

carry out core functions, such as strategic planning, budgeting, training, and managing a personnel system.

To address that need, the United States established the National Capacity Development Program (NCDP), which helps the GOI strengthen the core functions necessary for the efficient administration of its key national ministries, the Prime Minister's Office, Inspectors General of the participating ministries, and anti-corruption organizations such as the Commission on Public Integrity (CPI) and the Board of Supreme Audit (BSA). The NCDP is currently working with \$25 million in reallocated IRRF funds; \$125 million in FY2006 supplemental funds, and the Administration has requested an additional \$25 million in the 2007 budget. The program is organized into two phases to enable rapid response to short-term priorities while at the same time building the foundation for long-term needs. Ministry Advisory Teams, composed of experts from the Mission, Iraqis, as well as donors, provide policy and programmatic advice and work jointly with the ministries to develop and resolve ministry priorities. The MATs are designed to strengthen the confidence and self-reliance of the Iraqi government. The MATs and the NCDP are supported by PM Maliki, and he has designated an Iraqi lead in his office. The longer-term NCDP track will focus on building core curriculum in Iraqi training institutions; civil service reform; and other broad goals.

The Embassy completed detailed scopes of work for projects to meet urgent capacity building needs in specific ministries. The USG will provide immediate support to ministries as well as long-term capacity-building assistance in the core functions (financial management, human resources, strategic planning, leadership and communications). The contract will also increase the capacity of national public administration centers to train ministry employees.

The United States continues to work with other donors to coordinate efforts on assisting Iraq. Donors such as the European Commission and development institutions such as the World Bank have expressed interest in supporting similar initiatives with related ministries. Among the most important initiatives in this area is the International Compact for Iraq, an initiative of the Iraqi government and the United Nations. Building on a successful meeting just three days ago in Abu Dhabi, the United Nations is hosting a meeting on September 18 in New York at which the Iraqis, the UN and the World

Bank will outline to the senior officials from a great many nations their visions of essential reforms that the Iraqis will need to make to reform their economy and overcome more than thirty years of Saddamist stagnation. In turn, the UN, the World Bank, and the international community at large need to look at Iraq in a new way, and to recognize—as we do—that a stable, prosperous and more democratic Iraq will be a worthwhile investment for the world economy and for the region.

CONCLUSION

Mr. Chairman,

President Bush, Secretary Rice, Ambassador Khalilzad and everyone in this Administration is committed to the success of the Iraqi people. We recognize that their success is our success.

I would be happy to answer any questions the committee may have.